

MAR 12 1953

TORONTO STOCK EXCHANGE

LISTING STATEMENT

INTERPROVINCIAL PIPE LINE COMPANY

Incorporated by Special Act of the Parliament of Canada 13, George VI, Chapter 34, assented to April 30, 1949, said Special Act was amended by further Special Act of the Parliament of Canada assented to February 11, 1953.

3,598,880 SHARES OF THE PAR VALUE OF \$5 EACH
(Certificates interchangeably transferable at
Toronto, Montreal, Halifax, Winnipeg, Edmonton and Vancouver, Canada)

CAPITAL SECURITIES AS AT FEBRUARY 12, 1953

SHARES	Authorized	Issued	Outstanding	To be listed
Shares of the par value of \$5 each.....	40,000,000 shs.	3,598,880 shs.	3,598,880 shs.	3,598,880 shs.
BONDS				
First Mortgage and Collateral Trust Bonds				
(No fixed limitation).				
3½% Series A — (Payable Cdn. Funds) ..	\$37,000,000	\$37,000,000	\$37,000,000	
3½% Series B — (Payable U.S. Funds) ..	35,000,000	35,000,000	35,000,000	

Toronto, February 12, 1953

APPLICATION

1. INTERPROVINCIAL PIPE LINE COMPANY (herein referred to as the "Company") hereby makes application for listing on the Toronto Stock Exchange of 3,598,880 shares of its capital stock of the par value of \$5 each, all of which are issued, outstanding, fully paid and non-assessable.

2. HISTORY AND BUSINESS

Interprovincial Pipe Line Company was incorporated by Special Act of the Parliament of Canada (13 George VI, Chapter 34), assented to on April 30, 1949, for the purpose of constructing, owning and operating a crude oil pipe line system, to provide an eastern outlet for crude oil found in Western Canada.

The Company's present pipe line system extends from Redwater, Alberta, to Superior, Wisconsin, a distance of approximately 1,127 miles. The 324 mile section within the United States is owned and operated by the Company's wholly-owned subsidiary Lakehead Pipe Line Company, Inc. ("Lakehead"). Construction began in late 1949 and the first delivery was made at Regina, Saskatchewan in October, 1950. Oil first reached the terminal at Superior early in December, 1950.

The original system consisted of the main line; three pumping stations in the Redwater area for receiving oil; six main pumping stations located at Edmonton in Alberta, Kerrobert and Regina in Saskatchewan, Cromer and Gretna in Manitoba, and Clearbrook, Minnesota; take-off tankage at Moose Jaw Junction in Saskatchewan and Souris, Manitoba; and loading facilities and storage tanks with a capacity for 1,800,000 barrels at Superior. The maximum capacity of the original system was 95,000 barrels per day out of Edmonton and 70,000 barrels per day into Superior.

Since the original construction, the average capacity of the pipe line system has been increased to approximately 153,000 barrels per day out of Edmonton and 109,000 barrels per day into Superior. In 1951 five pumping stations were added — at Hardisty in Alberta, Loreburn and Glenavon in Saskatchewan, Glenboro in Manitoba, and Viking in Minnesota. One more station was constructed in 1952 at Deer River, Minnesota, which will be operating by the time navigation opens this year. One hundred miles of the 16" section between Regina and Gretna, Manitoba, were looped in 1952.

Terminal tankage at Superior, and tankage presently under construction totalling 651,000 barrels, will bring the total storage capacity to 5,055,000 barrels by the opening of navigation in 1953.

Other construction has taken place which principally comprised tankage at various delivery points and a second crossing of the South Saskatchewan River. This crossing was constructed as insurance against flood and ice damage to the original line.

The Company is proceeding with plans for the extension of its system from its present terminal at Superior to Sarnia, Ontario. The extension will consist of a 30" pipe line following a route generally eastward from Superior through northern Wisconsin and Michigan, across the Straits of Mackinac, and southward to Port Huron and thence across the St. Clair River to Sarnia and a pumping station at Superior. Present plans contemplate an average of 83,500 barrels per day to be delivered in Sarnia in 1954. Such plans require further expansion of the present system.

At the end of 1952, the total number of employees both in Canada and the United States approximated 400.

This listing statement is a copy of the listing application made by the applicant company. The Exchange has received no consideration in connection with the issue of this listing statement other than the customary listing fee. The papers and exhibits submitted by the applicant company in support of the listing application are open for inspection at the general office of the Exchange.

3. INCORPORATION AND CAPITAL CHANGES

The Company was incorporated by Special Act of the Parliament of Canada (13 George VI, Chapter 34) assented to on April 30, 1949, with an authorized capital of two hundred million dollars (\$200,000,000) divided into four million (4,000,000) shares having a par value of \$50 each. By Special Act of the Parliament of Canada assented to February 11, 1953, each share of the par value of \$50 each of the capital stock of the Company was divided into 10 shares of the par value of \$5 each so that the authorized capital of Interprovincial is now 40,000,000 shares of the par value of \$5 each.

4. NO PERSONAL LIABILITY — OPINION OF COUNSEL

All the shares of the Company which are presently issued and outstanding are fully paid and non-assessable and no personal liability attaches to the ownership thereof. The opinion of Messrs. Osler, Hoskin & Harcourt, The Dominion Bank Building, Toronto, Canada, as counsel, as to the legality of the incorporation and organization of the Company, the issue of its shares and the fact that the shares are fully paid and non-assessable is filed herewith.

5. SHARE ISSUES DURING PAST TEN YEARS

<i>Date of Issue</i>	<i>Number of Shares</i>	<i>Amount per Share</i>	<i>Total Amount</i>
(a) May 19, 1949.....	10,000	\$50	\$ 500,000.00
(b) October 17, 1949.....	10,000	50	500,000.00
(c) May 6, 1949 to June 13, 1952.....	28	50	1,400.00
(d) November 17, 1949 to January 14, 1953.....	339,640	50	16,982,000.00
(e) February 11, 1953.....	2,200	5.2085	11,458.70

The shares referred to in sub-paragraphs (a) and (b) of this paragraph 5 were issued for the purpose of providing the Company with a portion of the funds required to meet the cost of engineering surveys, organization expenses and other preliminary expenses.

The shares referred to in sub-paragraph (c) of this paragraph 5 were issued for the purpose of qualifying the holders thereof as Directors of the Company.

The shares referred to in sub-paragraph (d) of this paragraph 5 were issued during the period November 17, 1949 to January 14, 1953 against conversion of \$16,982,000 aggregate principal amount of 4% Convertible Debentures, Series A due October 1, 1970 ("Convertible Debentures") of the Company. On December 12, 1952, the Company called for redemption on January 15, 1953, its Convertible Debentures initially issued in the principal amount of \$17,000,000. The right to convert such Convertible Debentures into Interprovincial capital stock expired at the close of business January 14, 1953, prior to which time all except \$18,000 principal amount had been converted into the said shares referred to in sub-paragraph (d).

On February 11, 1953 the 2,200 shares referred to in paragraph (e) were sold for cash at a price of \$5.2085 per share (reflecting the 10-for-1 split which received Royal Assent on February 11, 1953) to Convertible Debenture holders who had failed, for good reason, to convert their Debentures. This price was equivalent to the redemption price of 104.17% (including accrued interest).

6. STOCK PROVISIONS AND VOTING POWERS

Each shareholder is entitled to one vote for each share of the capital stock of the Company standing in the name of such shareholder on the books of the Company and upon which there is no default in payment of calls existing. Provision is made in the by-laws for the appointment of proxies of shareholders. There is only one class of stock of the Company authorized and outstanding.

7. DIVIDEND RECORD

An initial dividend of \$1.50 per share was paid by the Company on August 1, 1952 and a second dividend of \$1.50 per share on February 2, 1953. Both dividends were paid before the 10-for-1 split of the capital stock became effective.

The Trust Deed, dated as of October 1, 1949, referred to in paragraph 10 of this listing statement and under the terms of which the outstanding First Mortgage and Collateral Trust Bonds, Series A and Series B, have been issued contains, in Section 9.17 thereof, the following provision:

"So long as any of the Bonds of Series A or Series B are outstanding, the Company will not declare or pay any dividends upon, nor purchase or redeem any of its shares, whether now or hereafter issued, unless the sum of all payments and expenditures made subsequent to the date of this Indenture (including the amounts then proposed to be expended for such dividends, purchase or redemption) with respect to dividends on shares and the purchase or redemption of shares does not exceed consolidated net income as certified by the Treasurer or other senior financial officer of the Company accrued subsequent to the date of this Indenture up to the end of the calendar quarter next preceding the date of such declaration, or such proposed payment, purchase or redemption; provided that there shall be excluded from the foregoing restriction and from all calculations under this Section 9.17 stock dividends and shares purchased or redeemed out of the proceeds of an issue of shares made at any time concurrently with or prior to such purchase or redemption and shares exchanged for other shares of the Company."

8. RECORD OF PROPERTIES

As stated above, the Company's pipe line system (including the portion in the United States) extends a distance of 1,127 miles and includes three pumping stations for receiving crude oil in the Redwater area, twelve main pumping stations, nine of which are situated in Canada and three in the United States, terminal facilities and loading dock at Superior, small air strips, and other properties. The rights-of-way for the pipe line have been acquired by virtue of numerous easements from more than 2,000 separate owners. The real properties owned in fee simple by the Company have been acquired from approximately 30 separate owners and consist briefly of the following: pumping station sites at Redwater, Edmonton and Hardisty in Alberta; Kerrobert, Loreburn, Regina and Glenavon in Saskatchewan; Cromer, Glenboro and Gretna in Manitoba; and in the U.S. at Viking, Clearbrook and Deer River in Minnesota; delivery points at Rose-town, Mildred and Moose Jaw Junction in Saskatchewan; Souris, Manitoba and Wrenshall, Minnesota; storage facilities at Edmonton, Alberta; Regina, Saskatchewan; and Superior, Wisconsin; and loading dock at Superior, Wisconsin.

Under the Pipe Lines Act of Canada, the Company is not entitled to mines, ores, metals, coal, slate, oil, gas or other minerals in or under lands purchased by it, or taken by it by compulsory powers given to it by such Act, except only the parts thereof that are necessary to be dug, carried away or used in the construction of its works and the Company has no interests in any such mineral rights.

SUBSIDIARY COMPANIES

The following are the subsidiary or controlled Companies of the Company:

	<i>Lakehead Pipe Line Company, Inc.</i>	<i>Lake Superior Pipe Line Corporation</i>	<i>Interprovincial Pipe Line Patrol Company, Limited</i>
A. Date of Incorporation	August 29, 1949	December 29, 1949	February 12, 1951
B. Jurisdiction under which incorporated	State of Delaware, U.S.A.	State of Minnesota, U.S.A.	Dominion of Canada
C. Nature of business	Owens and operates U.S. section of pipe line system	Holding company	Patrolling pipe line system by air
D. Authorized Capital Stock	\$10,000,000 (200,000 shares with par value of \$50 each)	\$10,000,000 (200,000 shares with par value of \$50 each)	\$150,000 (150,000 shares with par value of \$1 each)
E. Stock Issued	100,000 shares	100,200 shares	150,000 shares
F. Date of Issue	August 29, 1949, 20 shares; September 28, 1949, 4,000 shares; December 30, 1952, 95,980 shares	December 30, 1949, 100 shares; January 4, 1950, 4,020 shares; December 30, 1952, 96,080 shares	February 12, 1951, 3 shares; April 26, 1951, 62,237 shares; September 15, 1952, 87,760 shares
G. Stock owned by the Company	None (Note 1)	100,200 shares	149,997 shares
H. Funded Debt	First Mortgage Pipe Line Bonds payable in U.S. funds: \$18,750,000, 1970 Series— $3\frac{1}{2}\%$ Bonds due January 1, 1970 and \$2,250,000, 1970 Series— $3\frac{1}{2}\%$ Bonds Second Series due January 1, 1970. (Note 2)	Nil	Nil

NOTE 1: The 100,000 issued and outstanding shares of Lakehead Pipe Line Company, Inc. are owned by Lake Superior Pipe Line Corporation, a wholly-owned subsidiary of the Company.

NOTE 2: The First Mortgage Pipe Line Bonds are owned by the Company and are pledged with The Royal Trust Company, as Trustee, pursuant to the Trust Deed referred to in Paragraph 10 of this listing.

All the issued and outstanding shares in the capital stock of Lakehead and Lake Superior are specifically pledged with The Royal Trust Company, as Trustee, under the Trust Deed referred to in paragraph 10 of this listing statement.

FUNDED DEBT

The funded debt of the Company consists of:

- (a) \$37,000,000 aggregate principal amount of $3\frac{1}{2}\%$ First Mortgage and Collateral Trust Bonds, Series A ("Series A Bonds") dated January 1, 1950, to mature January 1, 1970 payable as to principal and half-yearly interest (January 1 and July 1) and redemption premium, if any, in lawful money of Canada;
- (b) \$35,000,000 aggregate principal amount of $3\frac{1}{2}\%$ First Mortgage and Collateral Trust Bonds, Series B ("Series B Bonds") dated January 1, 1950 to mature January 1, 1970 payable as to principal and half-yearly interest (January 1 and July 1) and redemption premium, if any, in coin or currency of the United States of America which at the time of payment is legal tender for public and private debts therein.

The Series A and Series B Bonds have been issued under the provisions of a Trust Deed entered into by the Company with The Royal Trust Company, as Trustee, and dated October 1, 1949. Since the date of the Trust Deed ten supplemental indentures have been entered into for the purpose of specifically mortgaging after-acquired rights-of-way and real properties and in two instances making amendments to the terms of the Trust Deed.

The Trust Deed provides for sinking fund payments sufficient to retire Series A and Series B Bonds in the principal amounts for each period shown below (in equal annual amounts within each period):

1953-1954.....	\$4,000,000	1961-1962.....	\$7,200,000
1955-1956.....	4,800,000	1963-1964.....	8,000,000
1957-1958.....	5,600,000	1965-1968.....	18,000,000
1959-1960.....	6,400,000	1969-.....	3,500,000

The Company has the option of making additional sinking fund payments (provided borrowings are not made or contemplated for this purpose) but the Bonds that may be thus retired on any one date may not exceed the amount retireable on that date through fixed sinking fund payments. Any such additional payments may be applied in reduction of subsequent fixed sinking fund payments.

Under date of October 1, 1949 Imperial Oil Limited ("Imperial") entered into a Throughput Agreement with the Company under which (subject to certain relief provisions in the event of the pipe line system being closed down for more than ten consecutive days) Imperial agreed that there will be physically tendered by Imperial and others for shipment through the pipe line during each calendar year beginning with the calendar year 1951, at the regularly published tariff rates of the Company, such quantities of crude petroleum as will be sufficient to provide an average daily throughput of 59,673,000 barrel miles and that if such tenders of crude petroleum in any calendar year fall below the necessary quantities to provide an average daily throughput of 59,673,000 barrel miles, Imperial will pay to the Company in cash an amount computed by multiplying the deficiency in barrel miles by the weighted average tariff rates per barrel mile of the Company prevailing during such calendar year.

The Throughput Agreement provides that it will continue in effect until December 31, 1970, which is subsequent to the maturity dates of the First Mortgage and Collateral Trust Bonds, Series A and Series B.

Imperial also entered into an Agreement with the Company and The Royal Trust Company, as Trustee, under the aforementioned Trust Deed, which makes provision to the effect that if at any time or times and so long as any of the First Mortgage and Collateral Trust Bonds, Series A and Series B are outstanding, the Company, for any reason (including the failure of the Throughput Agreement to produce sufficient revenue) shall fail or be unable to make payment in full in cash of the amount of any payment required to be made by the Company with respect to the Series A or Series B Bonds under the said Trust Deed, then Imperial will purchase at par unsecured promissory notes of the Company, to the amount of the deficiency. Such promissory notes of the Company shall be payable after the date of payment in full of all of the Series A and Series B Bonds and shall carry interest at $2\frac{1}{2}\%$ per annum.

OPTIONS, UNDERWRITINGS, ETC.

There are no option, underwriting or sale agreements or other contracts or agreements of like nature outstanding with respect to any unissued shares or any issued shares held for the benefit of the Company.

12. LISTING ON OTHER STOCK EXCHANGE
Application is presently being made for listing of the said 3,598,880 shares on the Montreal Stock Exchange.

13. STATUS OF SHARES UNDER SECURITY ACT
The initial sales of the 20,028 shares of the par value of \$50 each, referred to in sub-paragraphs (a), (b) and (c) of paragraph 5 of this listing statement were exempt under The Securities Act (Ontario). 340,000 shares of the par value of \$50 each, were issuable on conversion of the Convertible Debentures. Shares issued since January 15, 1953 did not require registration under The Securities Act (Ontario). The issue of Convertible Debentures, in the principal amount of \$9,500,000 was exempt under The Securities Act (Ontario). The issue of the balance of \$7,500,000 of the \$17,000,000 principal amount of Convertible Debentures, issued, was offered and sold to the public through registered brokers and all material required with respect to such offering and sale was filed with The Ontario Securities Commission and all material required to be filed by the securities laws of all the other Provinces of Canada was filed with the proper officers of such Provinces.

14. FISCAL YEAR
The Company's fiscal year ends on the 31st day of December in each year.

15. ANNUAL MEETING
The Company's by-laws provide:
"The Annual Meeting of the Shareholders of the Company shall be held at the head office of the Company or such other place within the Dominion of Canada on such day in each year as the Directors may determine."
The last annual meeting was held at the Company's Executive Office, 50 King Street West, Toronto, Ontario on April 16, 1952.

16. HEAD AND OTHER OFFICES
The Company's Head Office is located at 10049 Jasper Avenue, Edmonton, Alberta. The Company's Executive Office is located at 50 King Street West, Toronto, Ontario.
The Head Office of the Company's subsidiary, Lakehead Pipe Line Company, Inc., operating the United States section of the pipe line system, is located at 100 West Tenth Street, Wilmington, Delaware, U.S.A. and the operations office is located at 510-22nd Avenue East, Superior, Wisconsin, U.S.A.

17. TRANSFER AGENT
The Royal Trust Company, at its offices in Halifax, Montreal, Toronto, Winnipeg, Edmonton and Vancouver, is the transfer agent in respect of the Company's shares. The shares are interchangeably transferable at such offices.

18. TRANSFER FEES
No fee is charged on transfer of shares other than the customary stock transfer taxes.

19. REGISTRAR
Montreal Trust Company, at its offices in Halifax, Montreal, Toronto, Winnipeg, Edmonton and Vancouver, is the Registrar of the Company's shares.

20. AUDITORS
The Auditors of the Company are Price Waterhouse & Co., Edmonton, Alta.

21. OFFICERS
Thomas S. Johnston.....*President*.....50 King Street West, Toronto, Ont.
Frank G. Hall.....*Vice-President*.....56 Church Street, Toronto, Ont.
Denzil R. A. Walker.....*Vice-President*.....36 King Street West, Toronto, Ont.
Donald W. McGibbon.....*Treasurer*.....56 Church Street, Toronto, Ont.
Wallace A. Hare.....*Secretary*.....50 King Street West, Toronto, Ont.
James M. Copeland.....*Assistant Secretary & Assistant Treasurer*.....10049 Jasper Ave., Edmonton, Alta.
Robert B. Burgess.....*Counsel*.....10049 Jasper Ave., Edmonton, Alta.

22. DIRECTORS
Cecil E. Carson.....56 Church Street, Toronto, Ontario
Frank G. Hall.....56 Church Street, Toronto, Ontario
J. Kenneth Jamieson.....56 Church Street, Toronto, Ontario
Thomas S. Johnston.....50 King Street West, Toronto, Ontario
Trevor F. Moore.....56 Church Street, Toronto, Ontario
W. Harold Rea.....204 Richmond Street West, Toronto, Ontario
Robert H. Reid.....c/o London Life Insurance Company, Dufferin Street, London, Ontario
Denzil R. A. Walker.....36 King Street West, Toronto, Ontario
William J. Wilkins.....Gulf Oil Building, Pittsburgh, Pa.

CERTIFICATE
PURSUANT to a resolution duly passed by its Board of Directors, the applicant company hereby applies for listing of the above mentioned securities on the Toronto Stock Exchange, and the undersigned officers thereof hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.



INTERPROVINCIAL PIPE LINE COMPANY

"T. S. JOHNSTON," *President*.

"W. A. HARE," *Secretary*.

INTERPROVINCIAL PIPE LINE COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEET
(Expressed in Canadian Currency)

ASSETS

	<i>As at December 31</i>	
	<i>1952</i>	<i>1951</i>
CURRENT ASSETS:		
Cash.....	\$ 2,302,982	\$ 3,327,533
Deposit with bondholders' trustees and bank for payment of bond interest (per contra).....	1,242,008	1,270,336
Government of Canada bonds and United States treasury bills at market value not in excess of cost, plus accrued interest.....	11,231,137	13,365,726
Accounts receivable —		
Transportation charges.....	1,381,218	1,182,224
Claims and other accounts receivable.....	252,816	81,042
Inventories —		
Crude oil (from pipe line allowance), at quoted market price.....	82,429	493,167
Materials and supplies, at cost.....	1,006,200	1,368,223
Prepaid insurance, rentals, etc.....	133,381	176,690
	<u>\$ 17,632,171</u>	<u>\$ 21,264,941</u>
PIPE LINE CONSTRUCTION FUND HELD BY BONDHOLDERS' TRUSTEES:		
Cash.....	—	\$ 3,430
Government of Canada bonds and United States treasury bills, at cost (which approximates market value), plus accrued interest.....	—	3,076,861
	—	<u>\$ 3,080,291</u>
OTHER ASSETS AND DEFERRED CHARGES:		
Mortgages receivable.....	\$ 84,525	\$ 88,599
Deposit on purchase of aircraft.....	120,000	—
Preliminary costs of extension to carrier system.....	70,652	—
Organization costs.....	67,233	50,262
Other deferred charges.....	69,240	12,440
	<u>\$ 411,650</u>	<u>\$ 151,301</u>
FIXED (CAPITAL) ASSETS: (Note 1)		
Carrier system and other physical properties, at cost.....	\$ 92,465,608	\$ 80,167,500
Less: Accumulated depreciation and amortization (Note 3).....	4,660,666	2,135,733
	<u>\$ 87,804,942</u>	<u>\$ 78,031,767</u>
Signed on Behalf of the Board:		
"T. S. JOHNSTON," <i>Director.</i>	<u>\$105,848,763</u>	<u>\$102,528,300</u>
"D. R. WALKER," <i>Director.</i>		

LIABILITIES

	<i>As at December 31</i>	
	<i>1952</i>	<i>1951</i>
CURRENT LIABILITIES:		
Accounts payable and accrued.....	\$ 596,312	\$ 1,836,913
Bond interest payable.....	1,242,008	1,270,336
Dividend payable February 2, 1953.....	539,502	—
Accrued interest on debentures.....	—	169,930
Accrued income and other taxes.....	3,634,620	2,388,936
Bond Sinking Fund payments due within one year.....	1,471,448	—
	<u>\$ 7,483,890</u>	<u>\$ 5,666,115</u>
LONG TERM DEBTS:		
First Mortgage and Collateral Trust Bonds —		
Authorized — no fixed limitation		
Issued —		
Series A — 3½% bonds due January 1, 1970, payable in Canadian funds.....	\$ 37,000,000	\$ 37,000,000
Series B — 3½% bonds due January 1, 1970, payable in United States funds (U.S. \$35,000,000).....	38,675,000	38,675,000
	<u>\$ 75,675,000</u>	<u>\$ 75,675,000</u>
Less: Series A bonds reacquired \$500,000, and other Sinking Fund requirements transferred to current liabilities.....	2,102,060	—
	<u>\$ 73,572,940</u>	<u>\$ 75,675,000</u>
4% Convertible Sinking Fund Debentures—(Note 2):		
Authorized.....	<u>\$25,000,000</u>	
Issued and outstanding.....	370,000	16,993,000
	<u>\$ 73,942,940</u>	<u>\$ 92,668,000</u>
DEFERRED CREDITS:		
Unamortized premium and expense on funded debt (net).....	\$ 69,021	\$ (71,833)
Foreign exchange adjustments.....	130,613	(201,936)
	<u>\$ 199,634</u>	<u>\$ (273,769)</u>
CAPITAL STOCK AND RETAINED EARNINGS:		
Capital stock—(Note 2):		
Authorized—\$200,000,000 divided into 4,000,000 shares, par value \$50. each.		
Issued—1952—352,628; 1951—20,162 shares.....	\$ 17,631,400	\$ 1,008,100
Retained earnings, per statement attached.....	6,590,899	3,459,854
	<u>\$ 24,222,299</u>	<u>\$ 4,467,954</u>
COMMITMENTS (Note 1).		
	<u>\$105,848,763</u>	<u>\$102,528,300</u>

INTERPROVINCIAL PIPE LINE COMPANY AND SUBSIDIARY COMPANIES
STATEMENT OF CONSOLIDATED INCOME AND RETAINED EARNINGS
(Expressed in Canadian Currency)

	<i>For the Years Ended December 31</i>	
	<i>1952</i>	<i>1951</i>
INCOME:		
Operating revenue (Note 4).....	\$ 18,902,583	\$ 14,125,870
Income from Government of Canada bonds and United States treasury bills (net).....	213,323	271,441
Sundry income (net).....	77,575	58,884
	<u>\$19,193,481</u>	<u>\$14,456,195</u>
CHARGES:		
Operating expense, other than below.....	\$ 3,692,784	\$ 2,261,870
Taxes, other than income taxes.....	631,601	516,287
Provision for depreciation and amortization (Note 3).....	2,536,118	1,739,638
Interest on long term debt.....	2,715,893	2,811,567
Loss on foreign exchange.....	183,981	186,502
Unamortized discount and expense on debentures called for redemption (Note 2).....	142,544	—
Cost of capital projects abandoned (Note 1).....	303,937	—
	<u>\$10,206,858</u>	<u>\$ 7,515,864</u>
BALANCE BEFORE INCOME TAXES.....	<u>\$ 8,986,623</u>	<u>\$ 6,940,331</u>
TAXES ON INCOME:		
Canadian.....	\$ 3,682,662	\$ 2,692,487
United States.....	1,196,272	895,138
	<u>\$ 4,878,934</u>	<u>\$ 3,587,625</u>
NET INCOME FOR THE YEAR.....	<u>\$ 4,107,689</u>	<u>\$ 3,352,706</u>
Retained earnings at beginning of year.....	3,459,854	107,148
	<u>\$ 7,567,543</u>	<u>\$ 3,459,854</u>
Dividends.....	976,644	—
	<u>976,644</u>	<u>—</u>
RETAINED EARNINGS AT END OF YEAR.....	<u><u>\$ 6,590,899</u></u>	<u><u>\$ 3,459,854</u></u>

NOTES TO FINANCIAL STATEMENTS

1. Carrier System Extension:

It is estimated that expenditures in 1953 for the extension of the carrier system to Sarnia, Ontario, and for increasing the capacity of the present system, will amount to approximately \$86,400,000.

On completion of the extension to Sarnia, Ontario, storage facilities at Superior, Wisconsin, may exceed current operating requirements. However, it is expected that within a reasonable period all storage tanks, including three under construction, will be required at Superior or elsewhere along the system. The cost of certain capital projects abandoned as a result of the extension have been charged to 1952 income.

2. Convertible Debentures and Capital Stock:

The Company's debentures are convertible into capital stock at the rate of two shares of stock for each \$100 principal amount of debentures. On December 12, 1952, the outstanding debentures were called for redemption on January 15, 1953. Of the \$17,000,000 debentures originally issued, \$16,630,000 had been converted at December 31, 1952, into 332,600 shares of capital stock, of which 332,460 shares were issued in the year 1952 (140 shares were issued in prior years). All of the debentures outstanding at December 31, 1952 were converted before January 15, 1953, except \$18,000 principal amount. The unamortized balance of debenture discount and expense was charged against income in 1952.

Pursuant to a By-Law approved by shareholders in a Special General Meeting held September 5, 1952, application has been made to the Parliament of Canada for the passage of an Act sub-dividing the Company's capital stock of \$50 par value each into 10 shares of \$5 par value each. The necessary legislation has been passed by Parliament and now awaits Royal Assent.

3. Changes in Accounting Procedures:

In 1952 the companies provided for depreciation at higher rates than in previous years with the result that the depreciation charge was greater by \$372,558, and net income was less by \$170,261 for 1952 than would have resulted had the change not been made.

4. Tariff Reduction:

After taking into account increased throughput and other factors, the Company voluntarily reduced its transportation tariffs effective October 15, 1952, from Edmonton and Redwater, Alberta, to Superior, Wisconsin, by 10c per barrel with proportionate reductions to intermediate delivery points.

AUDITORS' REPORT TO THE SHAREHOLDERS

To the Shareholders of
INTERNATIONAL PIPE LINE COMPANY:

We have examined the consolidated balance sheet of Interprovincial Pipe Line Company and subsidiary companies as at December 31, 1952, and the statement of consolidated income and retained earnings for the year ended on that date, and have obtained all the information and explanations which we required. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the companies, the accompanying consolidated balance sheet and related statement of consolidated income and retained earnings are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the companies as at December 31, 1952, and the results of the companies' operations for the year ended on that date, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year except for the change (with which we concur) explained in Note 3 to the financial statements.

PRICE WATERHOUSE & CO.,

Edmonton, January 30, 1953.

Chartered Accountants.

**STATEMENT SHOWING NUMBER OF SHAREHOLDERS
as of February 12th, 1953**

COMMON SHARES

<i>Number</i>							<i>Shares</i>
1,253	Holders of	1 -	100	share	lots.....		79,520
546	" "	101 -	200	" "	.....		106,310
115	" "	201 -	300	" "	.....		31,940
180	" "	301 -	400	" "	.....		70,380
65	" "	401 -	500	" "	.....		32,110
210	" "	501 -	1000	" "	.....		166,110
241	" "	1001 -	up	" "	.....		3,112,510
<hr/>							
2,610	Shareholders					Total Shares..	3,598,880

